



California Energy Commission

Transportation Committee Workshop on Transportation Fuel
Infrastructure Issues

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E85

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Propel's Mission

Build the leading clean fuel brand by building the largest retail network of renewable fuel stations

Taking A New Approach

Our Model:

- Lease land from fuel station partners in best locations
- Build, own, and operate renewable fuels equipment
- Drive fuel sales through active marketing outreach, PR
- Centrally manage all fuel purchasing and delivery
- Maintain proprietary transaction network

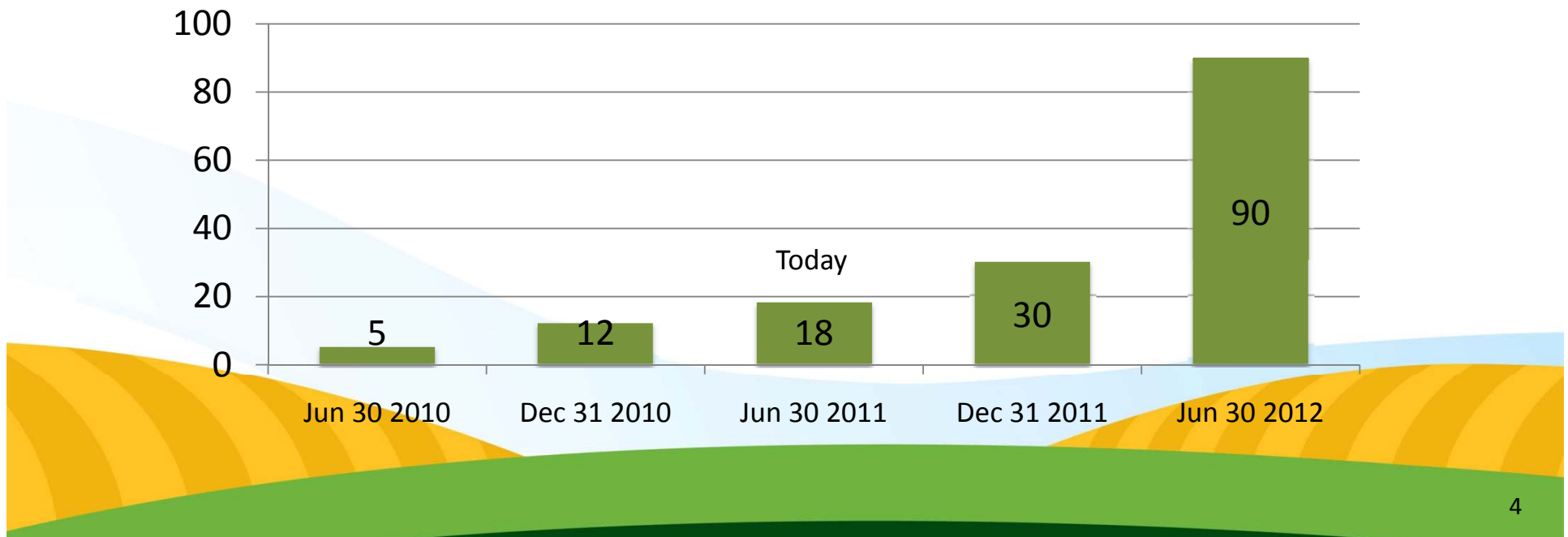
The Benefits:

- Lower capital and operating expenses
- Profitable stations at low fuel volumes
- Benefits of network scale
- Brand consistency builds loyalty

Propel is CA's leading renewable fuels marketer

- 18 locations in our network today
- 23 are being permitted
- 28 more contracts signed; many negotiations underway
- Propel's aspiration: 150 in CA by 2013

Propel's CA Renewable Fuel Network



Propel – Stand Alone



Propel – Stand Alone



Propel - Under Canopy



Propel - Under Canopy



Renewable fueling infrastructure holds material upside for the State

- 1,500 cars/gas stations in US
- 7,600 flex-fuel vehicles per E85 location in CA (3,600 US)
- Today's 500,000 flex-fuel vehicles in CA could displace 255 million gallons of petroleum per year.

Starting Today.



Propel's experience thus far.....

- Access to funding is acceptable:
 - Backed by 3 of CA's leading clean tech funds
 - Continued broad interest in Propel's model
- Importance of CEC grants:
 - CEC/DOE grants have been essential to securing this venture capital; 35% of site funding
 - Sector in its infancy depends on public/private partnership to mitigate risk



Development work is breaking new ground

- Installation costs range from \$275k to \$375k:
 - Equipment is 40%-45%; balance is engineering, permitting and labor
 - Davis-Bacon compliance adds up to \$45k per site (incl. above)
- Permitting challenges abound:
 - Separate business, same property – a new concept
 - Spotty past compliance by site owners impacts our success
 - Breadth of local authority under CUPs yields much discretion
- New products, new regulations:
 - Learning experience for contractors and inspectors alike
 - Adds time and cost to jobs

Three keys to tap customer demand

- Convenience:
 - Consumers need access to fueling locations that fit within their driving habits
- Confidence:
 - Product quality, access to customer service, on-site and on-line information are important
- Value:
 - For biodiesel, customers won't pay a premium
 - For E85, they must see adequate price offset to lower mileage
 - For the near term, a continuation of VEETC for high blends of ethanol is important to establish this fuel

Opportunities for further business growth

- Over time, companies such as Propel will broaden income-generating business lines:
 - Bulk and commercial fuel sales
 - RIN sales
 - LCFS Carbon Credit sales?
 - Other fuels: B20, renewable diesel / gasoline
- Your support is needed over the next 5 years:
 - The existing fuels infrastructure matured over 50 years
 - Rapid change can occur with the proper incentives

How can you help?

- Joint support signed by CEC, ARB, Water Board
 - Endorse projects to municipalities
 - Request to minimize extraneous demands
- Continue to allocate AB 118 funds to build out infrastructure and production facilities
- Encourage Federal support for continued high-blend tax credit as VEETC is modified
 - Weigh in now!
- Direct State flex-fuel vehicles to use available outlets
- Endorse Propel to municipalities and agencies bidding for bulk E85 and biodiesel supply